U.S. Trade with Developing Countries

Developing countries account for a very significant portion of U.S. trade—48 percent of U.S. imports and 44 percent of U.S. exports in 2000. Trade with a handful of economies dominates the picture, however. Mexico and China alone account for over 40 percent of U.S. imports from developing countries. Other industrializing economies in Asia (e.g., South Korea, Taiwan) and Latin America (Argentina, Brazil, Chile) are also significant suppliers. Fuel-exporting countries predominantly in the Middle East account for another 10 percent of our imports from developing countries. Least-developed countries comprise less than two percent of our imports from developing countries and less than one percent of our global imports, shares that have remained relatively constant over the past five years.

U.S. Imports from Developing Countries

U.S. merchandise imports from developing countries have risen far more sharply than have our global imports.[1] Last year, our purchases from developing countries soared 24 percent (compared with 19 percent in global imports), topping $573 billion. Developing countries accounted for 48 percent of U.S. total imports in 2000.

Trends among Suppliers

Most U.S. imports from developing countries came from a limited number of countries. Mexico and China together accounted for 40 percent; the top ten suppliers accounted for nearly three-fourths of U.S. imports from developing countries (see Table 1).

The “developing countries” category comprises countries and economies of widely varying levels of industrial development, as well as significant divergence in resources. It may therefore be useful to divide this group into the following subgroups:

- ***Asian Industrializing Economies*** (which includes China and six other Asian economies—Singapore, Hong Kong, South Korea, Taiwan, Thailand, and Malaysia).
- ***Latin American Industrializing Countries*** (Mexico, Argentina, Brazil, Chile).

[1]There is no universal definition of which countries and economies should be included in the category “developing countries.” We have used the World Trade Organization’s definition, which includes Latin America, Africa, Europe (less members of the European Union and the European Free Trade Area), the Middle East, and Asia (less Japan, Australia, and New Zealand). The WTO does *not* include “transition economies” (Russia and Central Europe) among developing countries.

Table 1. Top 10 Developing Country Sources of U.S. Imports, 2000

Country	Value ($ US Billions) 1996	1997	1998	1999	2000	Percent Change 1999-2000
1. Mexico	74.2	85	93	109	134.7	24
2. China	51.2	62	70.8	81.5	99.6	22
3. Taiwan	29.8	32.5	33	35.1	40.4	15
4. Korea	22.5	22.9	23.7	31.2	39.8	28
5. Malaysia	17.8	17.9	18.8	21.4	25.4	19
6. Singapore	20.2	20	18.2	18.1	19.1	6
7. Venezuela	12.4	12.6	8.9	10.4	17.4	68
8. Thailand	11.3	12.5	13.4	14.3	16.3	14
9. Saudi Arabia	10.0	9.5	7.1	7.9	14.3	82
10. Philippines	8.2	10.4	11.9	12.4	13.9	13

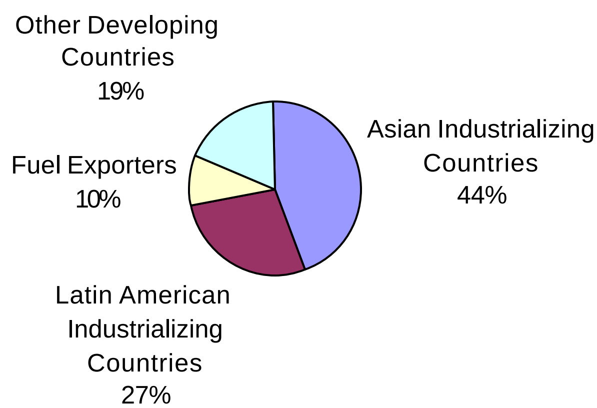
SOURCE: USITC

- ***Fuel-Exporting Developing Countries*** (Saudi Arabia, Venezuela, Iran, Nigeria, Algeria, Kuwait, Iraq, Libya, Oman, and Trinidad & Tobago, United Arab Emirates, Qatar, Brunei, and Bahrain). We have excluded fuel-exporting least-developed countries (Angola, Democratic Republic of the Congo, Equatorial Guinea, Yemen, Central African Republic, and the Sudan), because these countries fall under the United Nations' definition of least-developed countries (LDC), which we have treated as a separate category as described below.
- ***Other Developing Countries*** (the 49 countries that meet the United Nations' definition of LDCs, plus other developing countries not included in the preceding three groups (e.g., Philippines, Indonesia, Colombia, Costa Rica, among others)[2]. We have provided separate statistics on LDCs as a subset of this group.

As indicated in Figure 1, industrializing economies in Asia and Latin America accounted for three-fourths of U.S. purchases from developing countries. Asia's share has dropped modestly over the past five years (from 46 to 44 percent), while that of Latin American industrializing economies (especially Mexico) has increased (from 25 to 27 percent). Other shares have remained fairly constant over the period. In 2000, fuel exporters made up more than 10 percent of U.S. purchases from developing countries. The remainder, 19 percent, was comprised of a variety of predominantly Asian, Latin American, and African developing countries, many of which meet the United Nations' LDC classification. LDCs accounted for less than 2 percent of U.S. imports from developing countries, and less than 1 percent of our global imports.

[2] The WTO definition of developing countries includes Israel. We have provided a separate line item on U.S. imports from Israel.

Figure 1. U.S. Imports from Developing Countries, by Source, 2000



Source: USITC

Growth in 2000

While developing countries as a group posted stronger-than-average growth in their sales to the United States last year, the most dramatic increase (74 percent) occurred in U.S. imports from fuel-exporting countries. U.S. imports from China and Mexico also grew by nearly one-fourth in 2000 (see Table 2). U.S. imports from LDCs, although small, grew by 36 percent.

Imports from Least-Developed Countries

Most of the growth in U.S. imports from LDCs can be accounted for by a 42-percent jump in U.S. imports from Angola (see Table 3). Angola, an oil-exporter, is one of only a few LDCs to have benefited from the sharp increase in fuel prices between 1999 and 2000. Angola is the United States' top supplier among LDCs, accounting for 38 percent of U.S. imports from LDCs.

Bangladesh, our second-ranked LDC supplier, accounted for another 27 percent of our imports from LDCs last year. Imports from Bangladesh jumped 26 percent in 2000 and have nearly doubled over the past five years, as Bangladesh's exports of textile and apparel have risen. Bangladesh (and a number of LDC exporters of textiles) have benefited to some degree from the textile quota system under the Multi-Fibre Arrangement (MFA), which has in effect guaranteed them a level of access to the U.S. market (as well as the markets of other developed countries) by restraining imports from larger textile exporters such as China and India. The December 31, 2004 phase-out of the MFA quota system will end this market distortion and make it more difficult for LDC textile exporters to maintain their level of sales without significant improvements to their competitiveness and productivity in the sector.[3]

[3] China, which will shortly become a WTO member, is expected to benefit significantly from the phase-out of MFA quotas. China has committed to two provisions to address concerns of WTO members, including the United States, regarding import surges of textile and apparel products following the MFA phase-out. The first, a textile safeguard, allows any WTO member to impose quotas if market disruption occurs. This provision covers all products under the WTO Agreement on Textiles and Clothing as of January 1, 1995. The mechanism remains in effect until December 31, 2008. The quota is imposed immediately upon receipt by the WTO of a request for consultations, it may be kept in place for up to a year, and the safeguard may be extended by reapplication. The second provision is a product-specific

Table 2. U.S. Imports for Consumption

	Value ($ US Billions)					Percent Change
	1996	1997	1998	1999	2000	1999-2000
Total	790.5	862.4	907.6	1017.4	1205.3	18.5
Developing Countries	354.7	392.4	408.1	462.7	573.2	23.9
Asian Industrializing	162.7	178.1	188.3	211.9	252.0	18.9
China	51.2	62.0	70.8	81.5	99.6	22.2
Six Asian NIEs	111.5	116.1	117.5	130.4	152.4	16.9
Latin American Industrializing	87.5	99.0	107.6	125.7	154.8	23.2
Mexico	74.2	85.0	93.0	109.0	134.7	23.6
Argentina, Brazil, Chile	5.4	11.9	14.5	16.7	19.7	18.4
Fuel Exporters (excl. LDCs)	37.7	37.9	29.2	34.2	59.6	74.2
Other Developing	66.8	77.4	83.0	90.9	106.8	17.5
Israel	6.4	7.3	8.6	9.9	12.9	31.3
LDCs	5.4	6.2	5.9	6.6	8.9	36.0
Developing Countries as Share of Total U.S. Imports	44.9%	45.5%	45.0%	45.5%	47.6%	NA
LDCs as Share of Total U.S. Imports	0.7%	0.7%	0.7%	0.6%	0.7%	NA

SOURCE: USITC

Table 3. U.S. Imports from Least-Developed Countries (Top 10)

	Value ($ US Millions)					Percent Change
	1996	1997	1998	1999	2000	1999-2000
Country						
Angola	2,693	2,925	2,225	2,349	3,343	42
Bangladesh	1,333	1,672	1,847	1,922	2,416	26
Cambodia	4	102	364	592	824	39
Burma (Myanmar)	107	116	164	232	468	102
Haiti	143	188	272	301	297	-1
Nepal	116	114	139	178	229	29%
Congo (DRC)	263	263	171	232	212	-9%
Madagascar	46	62	71	80	158	97%
Equatorial Guinea	76	30	66	41	155	281%
Yemen	31	16	33	15	151	933%

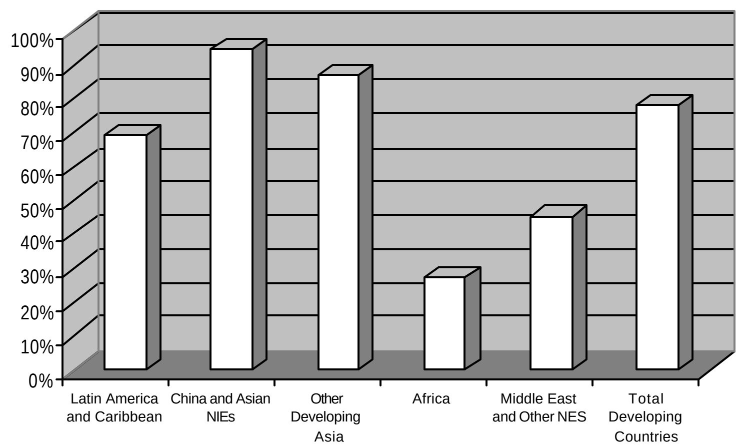
SOURCE: USITC

safeguard (i.e., not limited to textiles) that addresses rapidly increasing imports from China that cause or threaten to cause market disruption on a product-specific basis. This provision remains in effect for 12 years after China's accession to the WTO.

Commodity Composition

The commodity composition of our imports from developing countries varies significantly by region. More than 95 percent of our imports from China and the Asian Newly Industrializing Economies (Korea, Taiwan, Hong Kong, Singapore, Malaysia, and Thailand) are manufactures. Our imports from other Asian developing countries (e.g. Philippines, India, Indonesia) are also heavily weighted toward manufactures, which comprise 87 percent. Manufactures account for a smaller, albeit significant (69-percent) share of our imports from Latin America and the Caribbean, a region that also includes oil exporters Venezuela and Mexico. Not surprisingly, manufactures accounted for just 27 percent of our imports from African developing countries, and 45 percent of our imports from the Middle East.

Figure 2. Manufactures as a Share of U.S. Imports, by Region, 2000



Source: USITC

U.S. Exports

U.S. exports to developing countries have risen rapidly over the past five years, although at a slightly slower pace than have U.S. imports from developing countries (see Table 4). The sharpest increase occurred in 2000, when they jumped nearly 18 percent. This was a faster pace than the 13-percent gain in U.S. exports achieved globally. U.S. exports to developing countries neared $342 billion last year, accounting for 44 percent of total U.S. exports.

Table 4. U.S. Exports, 1996-2000

	Value ($ US Billions)					Percent Change
	1996	1997	1998	1999	2000	1999-2000
Total	622.8	687.6	680.5	692.8	780.4	12.6
Developing Countries	264.3	299.6	288.8	290.9	341.9	17.5
LDCs	2.2	2.1	2.3	2.4	2.2	-9.1
Developing Countries as Share of Total U.S. Exports	42.4%	43.6%	42.4%	42.0%	43.8%	NA
LDCs as Share of Total U.S. Exports	0.4%	0.3%	0.3%	0.3%	0.3%	NA

SOURCE: USITC

Mexico is, by a wide margin, our single-largest market among developing countries, taking one-third of our exports to developing countries (see Table 5).

Table 5. Top 10 Developing Country Markets for U.S. Exports

	Value ($ US Billions)					Percent Change
Country	**1996**	**1997**	**1998**	**1999**	**2000**	**1999-2000**
1. Mexico	54.7	68.4	75.4	81.4	100.4	23
2. Korea	25.4	24.3	16	22	26.3	19
3. Taiwan	16.9	18.9	16.9	17.6	22.4	27
4. Singapore	14.7	15.7	14.2	14.8	16	8
5. China	11.8	12.5	13.9	12.6	15.3	22
6. Brazil	11.9	15	14.3	12.3	14	14
7. Hong Kong	12.3	13.7	11.6	11	12.2	11
8. Malaysia	7.9	10.3	8.5	8.6	10.1	18
9. Philippines	5.8	7.1	6.5	7	8.5	21
10. Thailand	6.9	7.2	5	4.7	6.3	33

SOURCE: USITC

Among LDCs, Haiti is our top export market, followed by Bangladesh (see Table 6). In both cases, the United States is supplying predominantly textiles, for use by manufacturers of apparel, and subsequent exportation primarily into the United States under various U.S. programs that provide tariff or quota preferences for garments made from materials originating in the United States.

Table 6. Top 10 LDC Markets for U.S. Exports

	Value ($ US Millions)					Percent Change
Country	**1996**	**1997**	**1998**	**1999**	**2000**	**1999-2000**
Haiti	468	491	539	599	563	-6
Bangladesh	207	255	317	270	232	-14
Angola	265	279	352	251	225	-11
Yemen	255	153	177	156	184	19
Ethiopia	145	120	88	164	165	40
Equatorial Guinea	17	47	85	221	95	-57
Guinea	87	82	65	53	67	25
Samoa	12	11	10	12	64	429
Mozambique	23	46	46	34	58	71
Tanzania	50	63	67	61	45	-27

SOURCE: USITC